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The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe



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AUGUST 6, 1934

Nazi Vienna Putsch Gives Europe Scare

Assassination of Dollfuss Leads Powers to Act to Prevent Complications Abroad

HELD BLOW TO GERMAN DREAMS

Reich Now More Solidly Isolated as Italy Joins Anti-Hitler Group

Twenty years to the day after the government of Serbia rejected the ultimatum of Austria-Hungary—an event which precipitated the whole of Europe and practically the entire world into war—news came from Vienna that Engelbert Dollfuss, chancellor of Austria, had been assassinated by a group of Nazis, seeking to overthrow the government and hoist the swastika flag over the ancient home of the Hapsburgs. As in 1914, chills ran down the spines of people everywhere, for Austria has long been regarded as the key to the entire European situation. Peace on the continent was known to have hinged on a satisfactory settlement of the difficulties which have plagued the Danubian republic for years. Moreover, it had long been predicted that it would take just such an incident as that which occurred July 25 to touch off the dynamite.

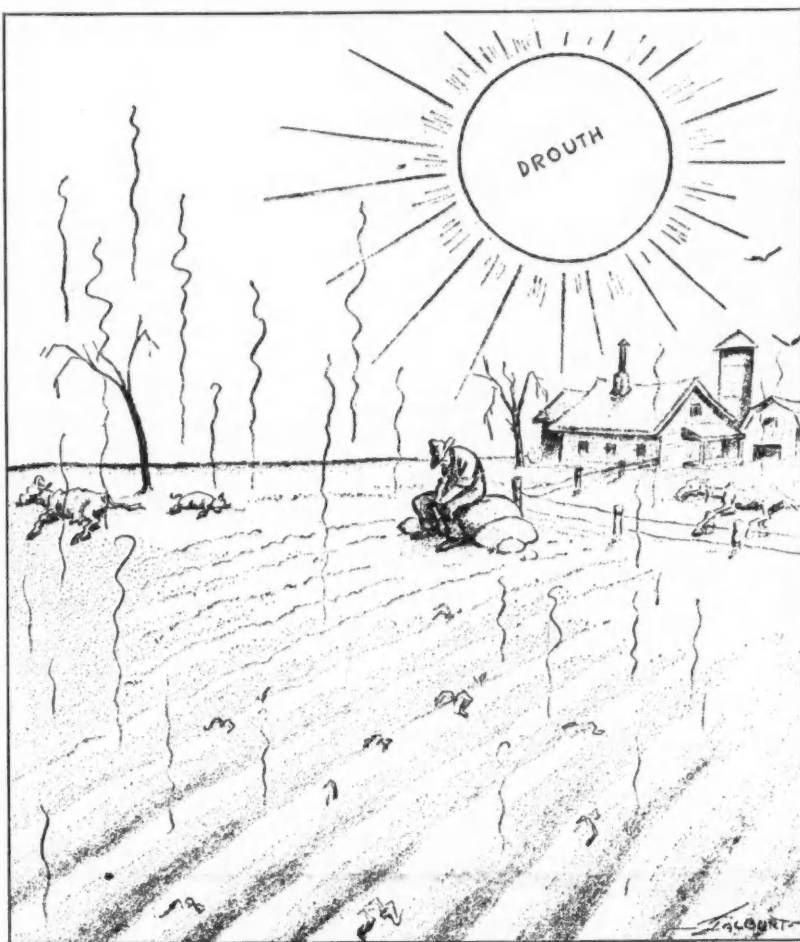
Order Restored

The immediate crisis has now been successfully surmounted. A semblance of internal order has been restored to Austria. The powers have regained a degree of their former calm. Europe breathes easier. But all eyes are still centered on Vienna, for the final outcome of the situation is still undetermined. The political winds in Austria may still blow in such a way as to cause an international hurricane engulfing all the countries of Europe. Thus, whatever happens in that region during the next few months will have great bearing upon the peace of Europe.

The haze which at first surrounded the events of the last week in July has now lifted sufficiently to enable one to see what happened during those fateful days. To be sure, certain matters may never be completely cleared up. But, in the main, the story can be told with relative completeness and accuracy. It is well known that the Austrian Nazis, long thirsting for political power and chafing under the restrictions imposed upon their activities by the Dollfuss government, plotted to seize control by the use of force. First, they planned to force the resignation of Chancellor Dollfuss and his cabinet, and second, they undertook to start a Nazi rebellion throughout all Austria at the giving of the signal.

In order to carry out their plans, it was necessary that they accomplish two things in Vienna. They had to gain access to the Ballhaus-Platz, where the cabinet was holding a meeting, besiege the chancellery, and hold Dollfuss and his aides prisoner until the Nazi uprising might get well under way in the Austrian provinces. At the same time, they had to storm the central radio station in Vienna in order to give the signal by which all Nazis in Austria would know that the revolution was to begin.

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—Talbot in Washington News

ALL QUIET ON THE WESTERN FRONT

No Time for Partisanship

Through long experience we have come to expect that politicians of whatever party will place party advantage above other considerations during periods of party contest. Political campaigns, we know, are seldom carried on in a spirit of candid counsel. Theoretically, they are, but actually, they are not. Candidates and party leaders appeal to prejudice, to unreasoned fears and ungrounded hopes, rather than to calm judgment. The party in power tends to gloss over difficulties which it has encountered in the administration of affairs. It hesitates to admit error and to change the direction of its policies. The party in opposition is inclined to avoid statesmanlike definition of its purposes and to content itself with the arousing of suspicion against everything which the majority party has been doing.

When times are good, we can get along after a fashion, in spite of such betrayals of the responsibility of leadership. We cannot excuse demagoguery today. We cannot condone the customary political tactics. There is no disguising the fact that we stand today in the shadow of grave crisis. For months our economic organization has been threatened with chaos. We have enjoyed, for a time, a breathing spell, when we have seemed to be getting on our feet. But there is at least a possibility that the apparent improvement in our economic status has resulted from governmental spending—spending which, in the absence of substantial recovery of private business, cannot go on forever. It is at least arguable that the improvement which we enjoy represents, indeed, a breathing spell rather than a restoration of industrial health. Our situation today is rendered the more serious by the drouth which has laid its blighting hand upon a large section of our country.

These times call for statesmanship. These are times when it is base and ignoble to think too much of party advantage. These are times when we should forget the welfare of the Democratic party, or the Republican party, or the Socialist party, and ask concerning each item of public policy merely whether it serves the common good in this great crisis. Any official in the administration who thinks of partisan advantage when he appoints subordinates to office; any Democratic leader who praises what he considers a doubtful policy because it is a policy of the administration; any Republican who challenges an administration program for other reasons than to substitute a better one in its place; anyone who follows such practices in a time like this is wholly unworthy of popular support. These are times when plain citizens should hold their leaders strictly to account and demand poised thinking and unselfish counsel.

Drouth Deals Heavy Blow to Farm Crops

Government to Plant Vast Tree Belt in Midwest as an Attempt to Modify Future Drouths

WILL GIVE JOBS TO FARMERS

AAA Policies Provide Important Issue in Political Battle Now Getting Under Way

It is indeed ironic that the first attempt to curtail farm production in this country should be accompanied by the most destructive drouth the nation has witnessed in recent history. Nature has cooperated in an unprecedented manner in reducing the total acreage of farm produce. Even the most ardent advocates of crop restriction hope that natural forces do not become too taken with the idea and thus continue their destructive work.

Government officials and others who have toured the drouth-stricken areas give out gloomy reports of the widespread devastation. Although rains brought relief to certain farming regions last week, others were still scorching under the blistering sun and rainless skies. The calamity stretches across nearly the entire corn, wheat and cotton belts. In some states whole sections are so badly parched that the hope of reclaiming crops was given up long ago. Not only have farmers suffered physical discomfort from the withering heat, but they have had the added pain of witnessing large portions of their crops damaged beyond repair. It is impossible as yet, and will be for some time, to estimate the total loss already incurred, but it is certain to run into the hundreds of millions of dollars.

Government Relief

The government is acting on several fronts to provide immediate relief to the farmers and their families in the stricken areas. Live stock, gaunt from hunger on seared pastures, are being bought by the government for the purpose of relieving the owners of the responsibility of feeding them. The cattle are being slaughtered and canned for relief purposes. Along with this action, the government, through farm credit banks, is making loans to farmers so they may buy feed and forage for their live stock. Already this year, farmers have borrowed about \$800,000,000 from these banks, which are scattered over various parts of the country.

As a long-time relief measure, President Roosevelt has authorized the United States Forest Service, a branch of the Department of Agriculture, to begin work on a vast belt of forest trees in the Midwest, 100 miles wide, all the way from the Canadian border to the Texas Panhandle, a distance well over a thousand miles. It is believed that such a shelter belt of trees will help bring more rainfall, reduce dust storms which have ruined so many Midwest farms, help check erosion and floods, give employment to farmers most affected by the drouth, and provide valuable timber for the future.

The belt will not be a solid mass of trees. Instead, it will be in strips, acting as windbreaks. Within these strips will be farms, largely protected from high

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Notes From the News

Lloyd Garrison Heads Labor Board; Political Campaign Under Way; Noted Editor Upholds Democratic Procedure; Drunken Driving Menace; Subsistence Farms

LLOYD K. GARRISON, a great-grandson of the abolitionist, William Lloyd Garrison, is busily at work as chairman of the recently created National Labor Relations Board. It is his task, along with two other members of the board, to mold "a harmonious body of precedents in the settlement of labor disputes." The three men will attempt to create a quasi-judicial court system to govern industrial conflicts.

Mr. Garrison was appointed to the board for a term of three months. Owing to his duties as dean of the University of Wisconsin Law School, he is not expected to serve on the labor board after his original time expires. However, he and his two associates are counting on accomplishing a great deal this summer.



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LLOYD K. GARRISON

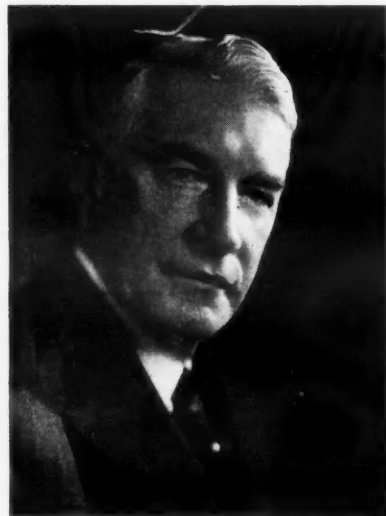
When informed of his appointment to the labor post, Mr. Garrison was greatly surprised. He was curious to know how he happened to be appointed by the president. "I only met him once eight years ago for about two minutes," Garrison explains. But the president was no doubt impressed with his record of progressive and reform activities. From 1930 until 1932 he was special assistant United States attorney general in charge of a nation-wide investigation of practices under the Bankruptcy Act. He was co-author of a report to President Hoover containing amendments to the Bankruptcy Act which formed the basis of recent reforms.

Drive on Reds

As a result of labor disputes, a widespread campaign is getting under way to combat Communists and radicals in general. Governor Frank Merriam of California recently appealed to Secretary of Labor Perkins to instruct immigration authorities to arrest and deport aliens found guilty of "violent and unlawful action." Liberals, remembering hysterical drives on so-called "Reds" in the past, are urging the public to oppose such a campaign, with all of its injustices, now.

Fletcher Hits New Deal

The Republican line of attack upon the Democratic administration is being fairly clearly drawn as the congressional campaign proceeds. Henry P. Fletcher, chair-



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HENRY P. FLETCHER

man of the Republican National Committee, has made a verbal attack in which he trains his guns upon three features of the New Deal program.

In the first place, Mr. Fletcher attacks the spending program of the administration. Hundreds of millions of dollars are being spent, and, says Mr. Fletcher, "the thrifty must pay" for the huge expenditures made by the Roosevelt administration, and the thrifty are beginning more and more

to understand that." It is becoming apparent that the issue relating to the expenditures of the recovery program will be an outstanding one.

Mr. Fletcher also takes exception to the tendency of the administration to put the government into business. He says that the administration is undertaking to make some of the emergency measures permanent, and that will result in continuing activity in industry on the part of the government.

The Republican chairman made a charge of unfairness against the administration. He declares that it is withholding checks for crop reduction so that these checks may be sent out a little later. In that case, they will be received shortly before the election (See page 8).

Democratic Security

In a recent radio address, William Allen White, editor of the *Emporia Gazette*, made an appeal for the preservation of democracy in America. The economic chaos throughout the world has tempted people to try short-cuts to security. Fascism, Nazism, Communism, and other isms have been tried or are being tried. These are forms of tyranny under which liberty of the individual has been abandoned.

Such hard-won weapons of democracy as the ballot box, parliamentary government, free speech and freedom of the press, the writ of habeas corpus, the right of trial by jury, security of property and of personal liberty—these have been given up in many places. Power has been lodged in the hands of a small number of people, and this power has been autocratically used. "In the decades before us," says Mr. White, "America may be called upon to decide whether economic security is more necessary to human happiness than the thing called freedom, the thing cherished as liberty, upon which the individual maintains his self-respect." Mr. White goes on to say:



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WILLIAM A. WHITE

In the struggle of the next decades here in America, the sirens of Communism and Fascism, both tyrants, will beguile us. They will tell us that force is more potent than reason to establish their new order. But when they resort to force, either the force of the general strike, or that force of the "vigilantes" outside the law who are the forerunners of Fascism—remember this: force is the arch-enemy of democracy. No man holds his self-respect under tyranny. Reason is the classic weapon of democracy, force is always the tyrant's weapon.

To compromise with tyranny, is treason to our American ideals. No man has a right to play providence with another man's liberty, no matter how noble or apparent the benevolence may seem under which the amiable tyrant would establish his despotism.

Our American problem in this new epochal quest for justice which the machine age has brought us is a hard problem. We must secure for the common man who is willing to work, a certain minimum of welfare, our American standard of living below which no honest citizen need fall.

Let us call this security—democratic security. That minimum standard below which no American willing to work need fall, above which any American may rise according to his abilities. Certainly it may be attained, established and held unchallenged under democracy.

Tupelo Uses More Electricity

The Tennessee Valley Authority appears to be meeting with success in its initial attempt to increase the consumption of electric power in the valley. Although, so far, it is distributing power only to one small city, Tupelo, Mississippi, the results obtained there have exceeded expectations. Tupelo, once consuming 34,000 kwh of electricity a month in her 976 wired homes, increased her use to 48,000 kwh after low TVA electric rates were introduced. And the consumers bought 331 pieces of electrical equipment which will add another 27,000 kwh a month to the

city's domestic consumption, making the total consumption double that of a few months ago.

Labor Disputes

Disputes between employers and workers are still creating unrest in various sections of the country. At the time of this writing, Minneapolis is under military dictatorship. Governor Olson declared martial law after employers of the striking truck drivers refused to accept the peace terms proposed by the Reverend Francis J. Haas and E. H. Dunnigan, federal mediators. Since the workers had agreed to accept the proposals, Governor Olson bitterly criticized the employers for their refusal to do so. He said that the Minneapolis Citizens Alliance, of which the employers are members, is "dominated by a small clique of men who hate all organized labor and are determined to crush it."

The peace plan offered by the two federal mediators provided for the immediate end of the strike, elections to determine union representation for employees in collective bargaining, establishment of a board of arbitration, and a wage scale ranging from 42½ cents an hour for inside workers, handlers and platform men, to 52½ cents an hour for drivers.

The employers objected to the minimum wage scale being set so high even before arbitration begins. Furthermore, they accused Communists as being the ringleaders of the labor disturbances. Governor Olson replied to this accusation by saying: "I do not agree with you that the plea for a living wage by a family man receiving only \$12 a week is answered by calling that man a Communist."

In addition to the Minneapolis industrial conflict, capital-labor disputes continued on the West coast, and fresh troubles arose in Kohler, Wisconsin.

Reduce Liquor Taxes?

Joseph H. Choate, Jr., chairman of the Federal Alcohol Control Administration, called upon the annual convention of governors, recently meeting at Mackinac Island, Michigan, to aid in a vigorous campaign against bootleggers. Mr. Choate told the governors: "No one can do as much as you to make the people understand that every man who buys bootleg robs us all, including himself, in every purchase, perpetuates the most dangerous types of crime and corruption, and postpones the day of real control and temperance."

Mr. Choate believes that the chief reason for the flourishing bootlegging business is high taxation on legal liquor. He urged a reduction in all liquor taxes, tariffs and license charges and asserted that "every form of regulation which imposes expense on the legal industry ought to be diminished" in order that the legal liquor seller could reduce his prices. As long as the bootlegger, who does not have to pay taxes, can undersell the legal liquor dealer, he will manage to find buyers, Mr. Choate said. In addition to urging lower taxation in this industry, he asked the governors to mobilize their law-enforcement agencies behind the drive to abolish the illegal trade.

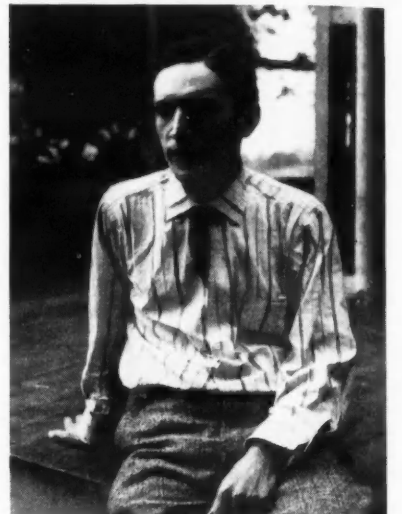
New Investigations Urged

Senator Duncan U. Fletcher, chairman of the Senate Banking Committee, is not satisfied, now that a commission has been set up to regulate the securities markets. He is anxious to bring to completion the investigation of stock and bond markets begun by his committee under the leadership of Ferdinand Pecora, now a member of the control commission. When President Roosevelt returns from his vacation trip, Senator Fletcher will urge that the investigation be continued during the next session of Congress. He wants to explore the life insurance field, to see if injustices exist there as well as in stock and bond selling. Also a number of inquiries into banks and clearing house associations in various parts of the country remain to be finished.

California's Campaign

A spirited campaign for the governorship is under way in California. Nominations will be made at the primaries on August 28. In the Republican party, three candidates are in the field: Acting Governor Frank Merriam, who succeeded the late Governor Rolph; former Governor C. C. Young, and John Quinn. All these men are rated as conservatives. The Democratic contest is more spectacular,

due chiefly to the colorful campaign Upton Sinclair is making for the governorship. Sinclair has long been known as a radical reformer. Years ago, his novel, "The Jungle," directed the attention of the nation to conditions existing among the workers in the stockyards. He has written other novels dealing with economic and social conditions. Shortly after the war, his book, "The Brass Check," dealt with the alleged subservience of the press



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UPTON SINCLAIR

to business interests. His name is known among radicals and social reformers throughout the world. He is running for the governorship on a program calling for the settling of the unemployed on the land where they can produce what they can consume, for heavy taxation of the rich and for state ownership of utilities. One of his opponents is George Creel, who had charge of the government's propaganda activities during the war and who maintains close relations with administration leaders. The other Democrat is Justis Wardell, who has long been a leader of the Roosevelt forces in California.

Homestead Plan Approved

Henry I. Harriman, president of the Chamber of Commerce of the United States, endorses the subsistence homestead experiments which the government is carrying on, and says that these experiments constitute "the most fundamental and far-reaching movement under way." This statement is significant because of its source. The plan for subsistence homesteads is frequently regarded as one of the most radical or visionary policies of the administration. It has—it may be expected to have—the endorsement of liberals. But Mr. Harriman is the head of a very conservative organization. He is the spokes-



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HENRY I. HARRIMAN

man for organized business interests. It means something, therefore, to have him say: "Mistakes will be made, but gradually hundreds of thousands of workers will be moved to new and better surroundings. They will be given opportunities to buy their own homes and garden plots, where they can contribute to their own support."

This change will not come overnight. It will take years, and it may be twenty years before one million or two million families, perhaps more, will be moved from crowded tenements to a decent place to live. . . . If the plan goes through as outlined, it will give this country the stability we must have."

A number of these subsistence homesteads are now being maintained and developed by the government. The government buys up a tract of land. It divides this land into plots, or small farms of a few acres. A cheap but substantial house is built on each block. Families are then selected, families not now finding it possible to make a living in their present surroundings. These families are moved into the houses which have been built. By engaging in truck farming, it is thought that each family can make a living and can, by small monthly payments, repay the government for its investment. Over a course of twenty years or so, they can buy the little farm upon which the government places them.

AROUND THE WORLD

Spain: The cabinet, dominated by the Center and Right, or semi-conservative and conservative, parties is making attempts to enter into a commercial arrangement with Soviet Russia which will improve trade between the two countries. It is, in fact, considering the advisability of sending a special delegation to Moscow to negotiate a treaty. The Soviets, however, appear only lukewarm to the idea, as relations between the two nations have been on none too cordial a footing these last few months. The Russians think that Madrid would do well to appoint an ambassador to their country before attacking trade problems. But this the Spaniards are in no hurry to do.

Ever since the Center and Right parties came into power in Madrid last fall, there has been no ambassador in Russia. The ambassador who was appointed at the time of Spanish recognition of the Soviet government, in July, 1933, resigned his position, having been an appointee of the Left, or radical, parties. The new government failed to name a successor. And the Russians have been waiting for Madrid to act before sending a successor for the first Soviet ambassador to Spain, who died.

France: Although Premier Doumergue was successful in preventing the cabinet from blowing up, and managed to inaugurate a political truce which is expected to last until fall, there remain many difficulties of serious proportions. The wounds caused by the Tardieu-Chautemps battle have not been entirely healed, and political flare-ups are still common. The most that can be hoped for during the next few months, until parliament meets, is the conduct of routine governmental business without too serious clashes.

Perhaps the French people expected too much from the Doumergue cabinet of "national unity." Possibly its accession to power was too widely dramatized. Perhaps it was too frequently compared to the similar coalition cabinet of Poincaré, which in 1926 "saved the franc." Whatever the reason, it cannot be denied that the Doumergue government has failed to achieve what was expected of it when it came into power last February. Its accomplishments, aside from restoring order after the riots early this year, have been few. It has been unable to cope successfully with the major economic problems confronting the country.

As a result of all this, there is growing dissatisfaction with the present political

set-up. The radical parties, Socialists and Communists, feel that Doumergue and his aides are steering the French ship of state in the direction of Fascism. It was in order to combat this that they drew closer together a short time ago than they have ever been before. The working class in general feels that the present government is acting in the interest of the big business interests, and that it is being called upon to bear the brunt of the deflationary policies inaugurated since Doumergue was drafted into the premiership. If a major conflict between the opposing elements can be staved off until parliament meets, it is certain that things will hum in France at that time.

Poland: The French have strong suspicions that the Poles are their allies in name only. The recent signing of a non-aggression pact between Poland and Germany greatly weakened the Franco-Polish alliance of 1921, and since then Polish sympathies have apparently been more on the side of Germany than France, so much so that some time ago French Foreign Minister Barthou made a trip to Warsaw in an effort to restore close relations with Poland. It is evident now that he did not meet with much success, for Poland is giving stronger indications of friendship toward Germany. It is reported that she is opposing the Franco-Russian project for an Eastern Locarno, designed to thwart German territorial ambitions to the east (AMERICAN OBSERVER, July 30, 1934). She has, so far, refused to cooperate with France on the plan, and has maintained what amounts to a studied coolness toward the whole idea. Polish Foreign Minister Josef Beck recently visited Estonia and Latvia, and the French were quick to see in his trip an effort to dissuade these countries from entering into an Eastern Locarno. If this is true, Poland is definitely aligned against France, and the alliance which has counted for so much in post-war European politics is worthless. The French press is incensed and is calling on Poland to make clear its position and not to continue professing loyalty to France while at the same time appearing to be working against her.

The French are moreover disturbed because Poland has taken no interest in the Austrian crisis and because there has been no disapproving comment in Warsaw with regard to the recent purging in Germany. All this strengthens the rumor which has

frequently been denied but which always crops up again, that Poland and Germany have a secret agreement looking toward eastward expansion.

Great Britain: Addressing the House of Commons on the eve of the twentieth anniversary of the outbreak of the World War, Acting Prime Minister Stanley Baldwin bluntly declared that Britain's frontier is now on the Rhine. He said:

Since the day of the air the old frontiers are gone, and when you think of the defense of England you no longer think of the white cliffs of Dover, but you think of the Rhine. That is where our frontier lies.

That this has been the attitude of the British government has long been known, but it remained for plain-speaking Stanley Baldwin to make it an openly stated national policy. The importance of his remark was attested to afterward by Winston Churchill who said, "I am sure that now that phrase of Baldwin's has traveled from one end of the world to another." Baldwin was led to make the statement in response to the Labor opposition's motion for a vote of censure against the government's program of air force expansion. The British plan to raise the number of their planes from 844 to 1,304 during the next five years.

Germany: Reports that President von Hindenburg is dying have brought Germany to the brink of another internal political crisis. As this is written the eighty-six-year-old president is not expected to last long and there is every indication that his death will mean another uncomfortable moment for the Hitler government. Naturally, speculation as to the probable successor is rife. The constitution provides that the president of the supreme court—Dr. Erwin Bumke at the present time—should become acting president pending a national election. But the constitution does not count for much with Hitler in power. He can do anything he pleases and may elect to take over the presidency himself and name his right-hand man, Hermann Wilhelm Goering, chancellor. It is said that Hitler would like to do this in order to increase his prestige and to assure against his being removed from office by another man in the presidency.

There are rumors also that President von Hindenburg has drawn up a political will which may have a great bearing on the situation in the event of his death. It has often been suggested that Franz von Papen, now named special envoy to Austria, has been designated to succeed the president. Whether this is true, however, is not known. But if there is a will, it is certain to have a tremendous influence on the German people because of the devotion they have always had for their president. Even Hitler, with all his power, would have difficulty in defying its terms.

The question which arises—premature as all such discussion may be—is what the Reichswehr, the army, will do in case of the president's death. Since the purging of June 30 the army has been the most

important force in Germany, having taken complete precedence over the Storm Troops. The army is conservative and loyal to the president. So far it has supported the Hitler government, although it does not take an active part in politics. But will these 100,000 highly trained soldiers be willing to declare their allegiance to Hitler as president of Germany? On



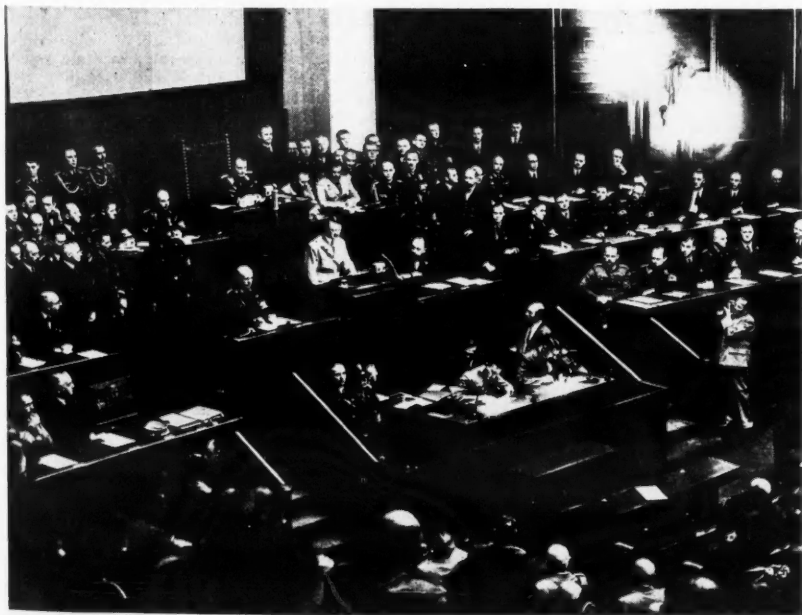
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BEAUTY AND TROUBLE MIX IN CENTRAL EUROPE
During the last ten days special Italian troops such as these, skilled in mountain warfare, have watched the Austrian border.

August 1, the Storm Troopers, who were sent on a month's vacation in July, and whose ranks were expected to be reduced by as much as eighty per cent, were recalled to duty. Some observers held that by this action Hitler sought to strengthen himself for the crisis he saw coming. Likewise, all cabinet ministers were hastily summoned to Berlin in order that the government might be prepared for any emergency. All this may turn out to have been for nothing if the octogenarian president's vitality brings him through his illness. But attendant physicians seem to hold scant hopes for his recovery.

Chaco: Under the leadership of Secretary of State Hull the Pan-American Union is making a new effort to end the protracted conflict between Bolivia and Paraguay over the Gran Chaco. The governing board of the union, of which Secretary Hull is chairman, has called upon all the neutral American governments to state their attitude with regard to unified action to terminate the dispute through arbitration. Disagreement and jealousy among certain South American powers have been a major factor in preventing a solution to the Chaco tangle and it is now hoped that this new move will prove fruitful.

Japan: Negotiations between Russia and Japan for the sale of the Chinese Eastern Railway to Manchoukuo have again reached a deadlock, much to the discomfort of Japan. Foreign Minister Hirota, acting as mediator, made what was termed a final compromise offer which the Soviet representative rejected. Mr. Hirota is reported to be deeply disappointed over this turn of events. He had hoped to inaugurate a new era of harmony with Russia by settling the controversy of the railway. The road which runs through Manchoukuo is owned by Russia and has been a constant source of friction between Russia and Japan, and Russia and China. The Japanese were anxious to acquire the system so as to give Manchoukuo complete control over its territory. The Soviets are willing to sell, but their price is too high to suit Japan and Manchoukuo.



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HITLER EXPLAINS THE NAZI "PURGE" TO THE REICHSTAG
The German chancellor pictured as he addressed the Reichstag meeting in the Kroll Opera House, Berlin, after the execution of disloyal Storm Troop leaders.

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Sometimes the Tune Changes

Finding in the great drouth and the government's cattle-buying program an enlightening example, the New York World-Telegram makes a few observations about "rugged individualism" and the slogan "keep the government out of business." The slogan is used, says this liberal Scripps-Howard newspaper, only when business is feeling strong and independent. When its condition is weaker, the cry for help goes up, for the individual realizes that he cannot always maintain himself unassisted in the face of adversity:

Across the parched plains of Kansas stagger hundreds of herds of hungry and thirsty cattle, on their way to the markets to be bought and butchered by the government. Behind each herd ride grim-faced cowmen, choking in the dust.

Only last week some of these same cowmen refused to sell these same cattle to the government. Let the government look elsewhere for meat to feed the hungry humans. Each cowman was a rugged individual. The government and the drought be damned! He would take care of his own. But now, the drought having proved even more severe than the government said it would, 200,000 head are being driven double-time to slaughter, and the cattlemen are fearful lest the government fail to take all.

These thousands of emaciated cattle on stampede symbolize the conflict between society and the individual. So long as he can go his own way, the individual believes in the law of survival of the fittest and in the slogan, "Keep the government out of business." But when the crisis comes, threatening his own survival, the individual rushes to the government for protection.

So it was with the bankers and the railroads and the corporations and the insurance companies and the city home owners. Under the blight of the depression they all stampeded to government protection. Thus were created the RFC, the FDIC, the NRA and the HOLC. And, doubtless, as each new alphabetical agency was created, the Kansas cowman cursed the government for lending aid to the banks and business men and city fellows who "wouldn't work if you gave them jobs." And now the bankers and business men and city fellows curse the government for helping the cattlemen. "Quit spending our taxes," they say.

"Keep the government out of business. Except when I need help in my business."

The Old Diplomatic Terms

The European cycle seems to be nearing completion after a twenty-year round. Again statesmen on the continent think and talk in the language of 1910-1914. The following editorial from the *Christian Science Monitor* discusses this trend, with particular reference to the proposed Eastern Locarno pact:

Nothing is more amazing in these days when old ideas of civilization in terms of separate nationalities are breaking down under the obvious need of international unity, than



AT LEAST UNTIL IT'S COOLER
—Herblock in Winfield Courier

that diplomatists should still be intent on fashioning alliances which must provoke counter-alliances. They are still thinking nationally, traditionally, and seem almost incapable of escaping from a system clearly outworn and fraught with peril.

Happily other forces are endeavoring to push the diplomatists into new paths. The newer school, making its voice heard at Geneva, is backed by public opinion which realizes the danger of the former divisions. This is the most promising sign in what otherwise would be a hopeless political world. The League of Nations may not have achieved success on the material plane, but it has helped to influence the thought of men and women, so that framing pacts directed against other countries is not so easy as before. This has had plain illustration in the last few weeks.

A most extraordinary example of how history may repeat itself is the renewal—or rather the attempted renewal—of the pre-war Franco-Russian alliance, to which the German response is an attempted rapprochement with Italy. The lack of imagination thus displayed is appalling, particularly when we remember that Poland now exists and is more likely to lean to the German side than to the Russo-French side. The folly of this method has been perceived and the effort now is to link alliances in a new inclusive pact of mutual guarantee, which is being called an Eastern Locarno.

It should not be difficult to transform the old type of alliance into an entirely new type, and to reorganize Europe on more comprehensive lines. At present there is some sort of a Russo-French understanding, and there is a Russian understanding with the Little Entente which includes Czechoslovakia, Roumania, and Yugoslavia, and with the Balkanic Entente which includes Turkey, Greece, Yugoslavia, and Rumania. There is likewise an understanding among the Baltic states—Estonia, Latvia, and Lithuania. These so-called regional pacts fail because they do not include all the countries in a particular region. Bulgaria, for example, is not in the Balkanic Entente. Austria and Hungary are not in the Central European group. Germany stands outside the Russo-French agreement. Italy finds no place in these pacts and therefore makes rival arrangements.

Perhaps it is begging the question to assume the all-inclusiveness of these regional accords. That is precisely the most difficult point, but it is the essential point. Either those nations which are regarded as potential enemies must be brought in, or we are back to the old pre-war alliances and the result is likely to be disastrous. Every country concerned must come in, or there will be built up bloc against bloc. Diplomacy must not be permitted to slip back into the old terms. A new and bolder conception is needed.

The Future of the NRA

What should be the future, the permanent policy of the NRA? Should it be restricted, and with just what problems should it attempt to deal? This question is among the most important in Washington at this time. The *Kansas City Times*, in the comment quoted below, agrees more or less with Senator Borah in asking that NRA be limited, the anti-trust laws restored, and any discernible trend toward monopoly ended:

General Hugh S. Johnson's concluding article in his *Saturday Evening Post* series on "The Future of NRA" is important for the glimpse it gives of what is in the mind of the NRA chief for the future development of the National Industrial Recovery Act.

The article is disarming in its frank recognition of the difficulties and experimental features of the gigantic task of regularizing and disciplining American industry; in its admission that future developments must depend on the lessons of experience.

Thus, General Johnson finds that national codes will not work in industries that are selling, not goods, but services. The service industries, such as cleaners and dyers, barbers, beauty shop operators, cannot be included in national codes, but he is willing to see local codes adopted for them where conditions are right.

The greatest interest, however, must center on the general's views of price-fixing. In line with the policy of trying out experimental devices, various methods were embodied in the codes. The general purpose, he says, was to prevent "cut-throat practices," which he defines as a continuous policy of selling at a loss.

The administrator proposes a system of "open price-filing." That is, the members of an industry will report to the code authority at prescribed intervals schedules of prices and quantities of sales. There also will be a provision that "destructive price-cutting" will not be undertaken; that is, sales below "lowest reasonable cost."

Obviously, here is a danger point. One man's "lowest reasonable cost" will not be another's. Such a provision, with continued suspension of the anti-trust laws (which the general does not discuss), opens the way to monopolistic practices hurtful to the consumer and uneconomic in giving protection to the inefficient.

Already many instances have come to light where volume of sales has been restricted by code prices so high as to check the demand. Dealers who have been hurt have been unable to overcome the influence of short-sighted men who always are anxious for high prices in spite of the effect in reducing sales. The public has suffered and recovery has been delayed.

The NRA provides a reasonable framework for competition in its provisions for minimum wages and maximum hours of work. Why would not the sound procedure be to allow free competition, guaranteed by workable anti-trust regulations, within these standards? This would give the public the protection of a free competitive system on a socially desirable basis.

Business Gets Its Breath

For years the economists have been telling us about the business cycle, which runs its course over a period of years. Now Colonel Leonard P. Ayres, who has some reputation in financial circles as an economist, goes his fellow-thinkers one better and points to cyclical ups and downs in terms of months. The *Louisville Courier-Journal*, adds a few of its own opinions to Colonel Ayres' statements:



THE PRICE OF DICTATORSHIP

—Kirby in N. Y. WORLD-TELEGRAM

Recovery, says Colonel Leonard P. Ayres, the Cleveland Trust Company's economist, has been checked three times since the bottom of the depression in the summer of 1932, and the third check is now being experienced. The first upturn began in the summer of 1932 and lasted four months. The next advance began in the spring of 1933 and continued about the same length of time. The third advance dates from last December and also lasted four months. Colonel Ayres is somewhat pessimistic because production has turned downward without equaling the volume reached last year.

The Ayres statement admits that the amount of the present recession is slight and that, were it not for the large number of unemployed, it would have no important implications. He recalls the Roosevelt recovery program, as outlined by the president in his budget message, which contemplated rapid absorption of the unemployed by expanding business this year, with a gradual lessening of federal expenditures, which program seems to have been checked for the moment.

However, in Colonel Ayres' very statement lie the reasons why a still greater measure of recovery is likely this year. To bring about an absorption of most of the unemployed during the ensuing year, he says, there must be a combination of three factors: expansion of building activity, large increase in the industrial output of durable goods, financed by numerous important new security issues, and considerable growth of exports. These appear now on the horizon.

The Federal Housing Act seems likely to put millions of men to work and to revive every trade affiliated with construction. That in itself should increase the output of durable goods. The act giving the president the right to enter into reciprocal trade treaties ought to stimulate the export trade.

If there is anything in the precedent of four-month cycles, the country should find itself going strongly forward again by September. Industry seems merely halting momentarily this summer to take its breath, in anticipation of a sustained effort this winter to lay the ground for wiping out every vestige of the unhappy times of the past few years.

Creators of Social Consciousness

A magazine and sociological "brain trust" which has existed for thirty years receives well-deserved praise from the *St. Louis Post-Dispatch*:

Arthur P. Kellogg, managing editor of the *Survey*, who has just died, and his brother, Paul U. Kellogg, who survives him to carry on the valuable work of that stimulating magazine and its monthly colleague, *Survey Graphic*, belong in the forefront of those who have made the United States aware of its social imperfections and the urgent need for their correction. Co-workers in Survey Associates, Inc., for some thirty years, they established that unique and forward-looking organization as a meeting place for social workers, sociologists and economists long before the government thought of calling in specialists in the social sciences for counsel and aid.

Working conditions, hours of employment, minimum wages, trade unionism, mass production, technological unemployment, public health, social insurance, old-age pensions, welfare capitalism, immigration, settlement work—at home and abroad—these are the topics which the Kellogg brothers and their associates have worked with year in and year out. Their audience was small for two decades and more, but the vision of their plan stands fully justified when scores of men and women with special training in social problems can hold places of importance in the government.

RFC Money Comes Back

Noting the gratifying fact that RFC loans are being repaid as fast as business conditions permit and that the government lending corporation has a profit on its books, the *Cleveland Plain-Dealer* praises this record:

The Reconstruction Finance Corporation, a Hoover creation, reports a net profit above the \$21,000,000 mark for the year ended with June. On a three-billion-dollar volume of business, this is a modest profit which private enterprise would hardly be content with.

An encouraging feature of Chairman Jones' report is that which shows the large repayment of loans to the government from railroads and other private industries. This indicates a returning prosperity and an increasing ability of business to stand on its own feet.

Money lent by such agencies as the RFC is not money "spent," as some critics of the administration would have voters believe. It is lent on supposedly adequate security. It comes back to the national Treasury if sound judgment is used at headquarters.

WITH AUTHORS AND EDITORS

We read old books for their excellence, but new ones to share in the mental life of our time.—SATURDAY REVIEW OF LITERATURE.

Tibetan Adventure

"A Conquest of Tibet," by Sven Hedin. New York: E. P. Dutton & Co. \$5.00.

THOSE who have read "Across the Gobi Desert" and "Jehol, City of Emperors," will be glad to know that the author of these two books has written another volume of his daring and fascinating experiences in Central Asia. This time, the indomitable Swedish explorer transports his readers to that strange and forbidden country of Tibet—the "Snow Land." The story of his travels over this "highest mountainous area on earth" is an exciting geographic drama.

Tibet, owing to its forbidding mountains, is one of the least known and most inaccessible sections of the earth today. Its inhabitants, who belong to a branch of the Mongol race, adhere to the form of Buddhism known as Lamaism, of which the Dalai Lama, who resides at the Holy City of Lhasa, is the head. Incidentally, the Dalai Lama is also at the head of the Tibetan government. The disciples of Buddha are determined to prevent strange peoples from entering the Holy City. Their opposition to Sven Hedin and his scientist-companions, coupled with constant attacks by Mongolian bands of robbers, nearly frustrated the Swedish explorer's resolute desire to visit the Holy City. Finally, however, by resorting to disguises, the members of the expedition triumphantly entered Lhasa.

Sven Hedin records their perilous adventures in gripping fashion. He presents a colorful panorama of Tibet which lingers in the mind long after the reader lays down the book. He describes the country, its people, their strange customs. And to make his travel tales even more real and engaging, he has included 250 drawings which he executed while roaming through the "Snow Land." These mark him an artist, along with his achievements as an explorer and writer.

Catherine the Great

"The Evil Empress," by Grand Duke Alexander. Philadelphia: Lippincott. \$2.

POSSESSED of a greater historical objectivity of mind than one might expect of a member of the dethroned and exiled Romanov family, the late Grand Duke Alexander closed his writing career with this excellent romance about Catherine the Great. That remarkable empress was the author's great-great-grandmother, and he and his oldest brother had the opportunity to examine her letters, diaries and secret memoranda while engaged in research work in the archives of the family. They discovered many facts about Catherine which reduced the stature that had been built up for her by historians.

"The Evil Empress" is a novel describing the Russian court of the eighteenth century, with its intrigues, scandals and state functions conducted in imitation of the more polished French monarchy. Most of the tale is well founded in fact, particularly the description of the great revolt in the Volga region, directed by the Cossack Pugatchev, who bore a striking resemblance to Catherine's murdered husband, Peter. The writer changes the name to Pougachov, and calls Potemkin, the favorite of the empress and prime minister "Potiemin." Several other characters are presumably fictional, but the background and the progress of events are true to historical fact.

The Grand Duke condemns his illustrious ancestor as thoroughly as any outsider might. When he has finished with Catherine, there is little glamour left. She becomes an aging, fat "hausfrau," just as she might have been had she remained in her German father's castle. The conversation in the novel is witty and informal, studded with slang phrases which help to make it altogether believable. It is not a masterful story, but certainly an entertaining one.

Deep South

"So Red the Rose," by Stark Young. New York: Charles Scribner's Sons. \$2.50.

NATCHEZ, Mississippi, down in the deep South, is the locale of Stark Young's tale of Civil War days. In it, he reconstructs a way of life, familiar to all through the medium of fiction, which has long passed from the American scene, certain never to return. The southern aristocracy, with its plantations and slaves, traditions of gentility, and life of relative ease and comfort—in short, the South that was when the Democratic party split and insured the presidency to one Abraham Lincoln, is the setting for this novel.

The principal characters belong to two old aristocratic families, the McGehees of Montrose plantation, and the Bedfords, whose plantation, Portobello, lies across the river. As the story opens, the specter of war looms in the distance. There are serious forebodings about Lincoln's ability to preserve the Union without a resort to arms. It is not long until the conflict actually begins. Here the crescendo increases page by page. First, the inhabitants of the two plantations feel the impact of war when their sons and nephews depart for the front. Then the ominous figure of death stalks across the stage and one realizes what it means to wives and parents and sweethearts. Finally, there is the direct contact with war which comes with the invasion of the Northern armies to Natchez, after the Vicksburg campaign.

There is a certain nostalgic quality about this book. Mr. Young, himself a Southerner, has apparently sensed the charm and romance and glamour of the period about which he writes. "It was not the elaboration of life, it's the simplification of life that expressed the aristocratic security," said Hugh McGehee when he realized that all the old patterns had been destroyed and that the reconstruction period would entail the obliteration of the traditional culture. Some readers may find the perfume of Mr. Young's roses a little too heavy for

their nostrils, but none can deny that his work ranks among the best on the southern theme.

Israelites

"How Odd of God," by Lewis Browne. New York: The Macmillan Co. \$2.50.

"HOW odd of God to choose the Jews," a slur often flung in the faces of the Jews, has inspired the title of this book in which Mr. Browne, once a rabbi, comes to the defense of his people. But his book is not so much a defense as it is an explanation of the Jews from the time of their origin to the present. "I want to tell you about my people," writes Mr. Browne at the beginning, and that is just what he does; he tells what they are and why.

It was the Gentile, the "exclusive Gentile," Mr. Browne says, who has been responsible for the Jews' ability to live and progress in the face of the most ruthless of persecution. In the earliest times of their history, after the destruction of the Ten Tribes of Israel, they had injected in them a goodly dose of spiritual medicine by the radical preachers or prophets of Old Testament fame who gave to Jewry a sense of direction and a feeling of its purposeful destiny. The Jews were truly the chosen people of the Lord, and they would one day reap their rewards, but until that day, they must suffer and pay for their transgressions. This idea became an obsession with them; it gave them an inner drive, a compulsion to endure; it became almost a racial principle which governed their whole lives. In a word, the Jews came to feel that they had a mission in life—a mission which would naturally involve hardship and persecution, but which, in the end, would give them redemption. With this ideal, they were able to drive forward.

In some respects, Mr. Browne is unorthodox in his approach to the subject. He does not, for example, share the belief of those who attribute the vitality of the Jewish race almost exclusively to the religious influence. To him this has been a minor factor. More important is the fact that the Jews are primarily an urban people; for 1,500 years they have been a city folk. The Gentiles, on the other hand, have, according to Mr. Browne, been rural-minded. Before there can be any satisfactory solution of the Jewish question, Jewish life must be de-urbanized, as it is now being done in Soviet Russia and Palestine; and, as a concomitant, Gentile thought must be de-ruralized. All in all, Mr. Browne's appraisal of the Semitic problem



SHRINES OF A TIBETAN MONASTERY
(An illustration from "A Conquest of Tibet.")

is intelligent, extremely well and convincingly presented.

Brief Biographies

"They Were Giants," by Charles Reynolds Brown. New York: The Macmillan Co. \$2.

IT IS a good thing that in the preface to this volume of biographical sketches Dr. Brown, dean emeritus of the divinity school of Yale University, wrote: "The selections which I have made for these ten brief, informal sketches have been determined largely by my own interest and preference. In choosing the ten men I have followed perhaps 'too much the devices and desires of my own heart.' Otherwise, one might wonder just why the author should have put David Starr Jordan and others in a class with Abraham Lincoln and Benjamin Franklin.

The ten "giants" commanding the attention of the venerable dean are, in addition to the three mentioned, Horace Bushnell, Anthony Trollope, Peter Cooper, Edward Everett Hale, Silas Weir Mitchell, Phillips Brooks, and Washington Gladden. Four of the ten heroes Dr. Brown knew personally, and his acquaintance with them enlivens the portrait which he gives.

Although extremely readable, the essays making up this volume are not particularly critical. As a biographer, Dr. Brown is anything but "modern," in the sense that the modern approach is highly realistic, even in some cases cynical. A halo is placed over the head of each figure in the book. In doing that, Dr. Brown probably had the younger generation in mind, intending that the lives of these ten men should serve as an inspiration. But in the interest of true scholarship and critical appraisal, it is often necessary to remove our heroes from the pedestals upon which we have placed them and examine them from all angles.

✱ ✱

Until American liberals learn to substitute realistic thinking for lofty idealism, writes Nathaniel Peffer in the August *Harper's*, they will continue to be as ineffective as they have been in the past. Of the two outstanding problems of the day—war and the economic system—the liberals have been adolescent, even puerile, in their thinking, asserts Mr. Peffer. "Those who desire a higher social system not only as an insurance against war but for its own sake," he continues, "will likewise abandon recourse to appeals on ethical grounds. If they discern in the anarchy of laissez-faire the causes for the economic debacle, they cease thinking in terms of a vague 'planning' which leaves everything as it was before, and accept the necessity of applying the compulsions of social control in the full sense of the word, control as affecting property and profit. They will recognize that we cannot have the advantages of social control and retain the liberties of individual autonomy."



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THE OLD SOUTH

Stark Young's novel of the South before and during the Civil War brings to mind scenes like this.

The Nazis Fail to Capture Austria

(Concluded from page 1, column 1)



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ERNST VON STARHEMBERG

In both these purposes, the rebels were successful. Shortly after noon on the 25th, 147 Austrian Nazis disguised in uniforms of the Heimwehr, special guard of Prince von Starheimberg, a member of the cabinet and a loyal supporter of Dollfuss, and in police uniforms, drove up in front of the chancellery in trucks. The guards, suspecting nothing, permitted them to enter the building. Once inside, they had no difficulty in forcing the cabinet into submission and in gaining complete control of the other occupants of the building, clerks, guards and attendants. Whether it was their intention to assassinate Dollfuss or whether the shooting was an accident, as the culprit claimed when brought up for trial, will probably never be known. The fact remains that the chancellor was shot and bled to death for lack of medical attention. All afternoon and until early evening they were in complete charge.

While this was going on at the chancellery, another group of Nazis stormed the radio station. Holding revolvers over the head of the chief radio announcer, they forced him, at one o'clock in the afternoon, to proclaim over the air: "The government has resigned. Dr. Rintelen is the new chancellor." That was to have been the signal for the uprising all over the country. Dr. Rintelen, Austrian ambassador to Italy, had returned to Austria, and, according to the plot, was to have become head of the new Nazi government.

The Plot Falters

So far, so good. The plan was working well. But there was a hitch in the plot. The projected uprising did not occur in the provinces at that time. It was not until the next day that the revolt in Styria and Carinthia and other Austrian provinces where the Nazis were strongly organized got under way. But by that time, it was too late. The government in Vienna had had time to recover from the first blow. It had routed the Nazis from the chancellery and the radio station. It had reorganized itself and had taken the necessary measures to suppress the insurrection. Prince von Starheimberg, the acting chancellor, assumed control and ordered the crushing of the Nazis by the Heimwehr and the regular army. Later, Dr. Kurt Schuschnigg, minister of justice in the Dollfuss cabinet, was appointed chancellor.

Thus twice within less than half a year, the Austrian government has been successful in subduing its enemies. In February, Dollfuss with the help of former Vice-Chancellor Emil Fey completely crushed the Socialists, who, it was claimed, were conspiring to overthrow the government. Now the Nazis, who went further in carrying out their plans, have been overwhelmed, at the cost of several hundred lives, including that of him who was considered the strongest man in the nation—Dollfuss. But that does not mean that the government's victory has been

final. There are still thousands of Nazis in Austria and, unless they are entirely exterminated—a thing hardly possible—they are likely to seek once more to gain their ends.

The most recent explosion in Austria had long been brewing. Friction between the Dollfuss government and the Nazis had become so acute that it was regarded as extremely dangerous. Acts of terror, like bombings, were frequent. In order to cope with the rising tide of opposition and terrorism, Dollfuss solidified his position. Following the example of Mussolini, he reorganized the cabinet, himself taking three important portfolios—foreign affairs, defense and agriculture. Thus he was in a better position to take whatever military action might be necessary against "enemies of the state." The latest strong-arm measure adopted by Dollfuss before his assassination was the imposition of capital punishment for terrorists found in the possession of bombs and other explosives. While the only executions made under this

decree were of Socialists, the Nazis were nevertheless bitter and threatened to retaliate in kind if any of their members became the victims of these tactics. In this way, the stage had already been set for a bitter clash between the opposing factions.

The most serious aspect of the whole Austrian affair is the possibility of international complications. Nearly every country in Europe feels that it has a direct interest in what happens to Austria. Consequently when word of the attempted Nazi uprising went forth, there was widespread excitement in every European capital. Unlike the February episode, when the Socialists were squelched, the powers took direct and decisive action this time. The telephone wires between Paris and Rome and London, as well as between the less important capitals, hummed both day and night. From all the flurry, one thing became apparent; the rest of Europe was determined that Austrian independence must be preserved at all hazards. Neither Italy nor France nor Great Britain nor the Little Entente

would permit any action which might threaten the independence guaranteed to Austria at the peace conference.

Mussolini Acts

Mussolini, who was with Frau Dollfuss and the Dollfuss children in Italy at the time of the crisis, was the first to take strong action. He immediately dispatched land and air forces to the Austro-Italian frontier to reinforce the contingents permanently stationed there. It was understood that this action was taken merely as a precautionary measure to prevent things from running amuck in Austria. Paris and London were notified by Mussolini of the steps he had taken to preserve Austrian autonomy. The French and British capitals, while remaining in constant consultation on developments in Austria, took no action as decisive as Italy's, leaving to Mussolini the task of patrolling the border.

Just what role Hitler and his government played in the Austrian uprising will

probably never be known. Suspicion naturally fell upon the German Nazis at once because of the propaganda against Dollfuss and his government which the Germans have been conducting for more than a year. It had been well known that broadcasts by Theodor Habicht from Munich had repeatedly flayed Dollfuss and urged the Austrian Nazis to rise up against him. Then, too, the Austrian Legion, composed of several thousand Austrian Nazis, had been quartered on Ger-

man soil, near the Austrian frontier, presumably held in readiness for action in case of a Nazi revolt in Austria. Finally, it was widely rumored, the day of the Vienna *putsch*, or attempted overthrow of the government, that the German minister to Austria had been one of the ringleaders of the plot.

When the *putsch* failed, however, Hitler went to great lengths to prove to the world that his hands were clean. The German minister was immediately recalled from Vienna. The Austro-German frontier was closed. The Austrian Legion was compelled



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EMIL FEY

to withdraw from the region of the Austrian border, and other Austrian refugees, encamped in Bavaria, were forced to remain in their camps. Habicht was removed from his radio post in Munich. Finally, it was announced that Franz von Papen, vice-chancellor of Germany, had been appointed as special envoy to Austria, invested with blanket powers to negotiate with the Vienna government. If Hitler had any intention of sending Nazi troops across the border at the time of the *putsch* he dismissed the idea immediately and did everything possible to reassure the rest of the world that he had never planned to do so.

Yugoslavia Warns

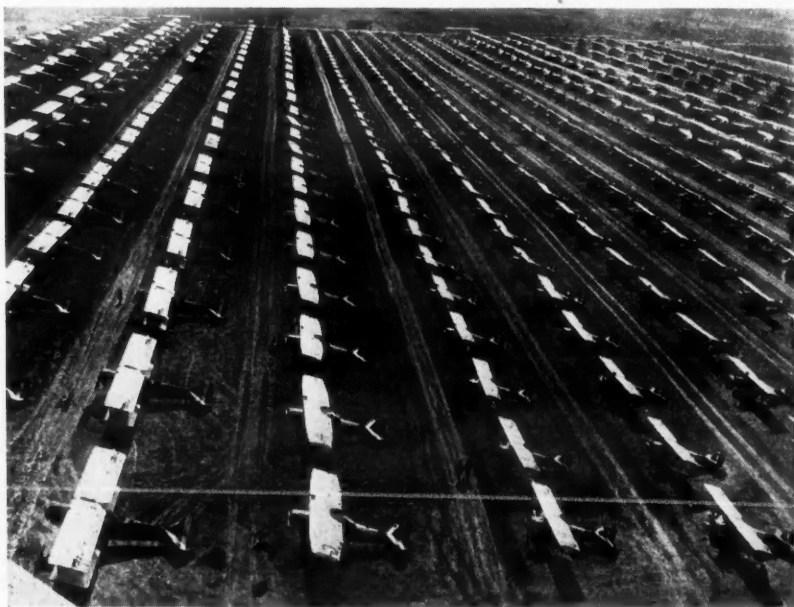
Difficulties arose from another quarter on the 30th when the Yugoslav government, through its legation in Berlin, issued a warning to Italy to keep its hands off Austria. "The Yugoslav government," read the statement, "is of the opinion that in case of special complications, the League of Nations is the only competent authority to decide the Austrian question as an international problem. Every other one-sided measure or intervention would be a violation of peace treaties and would lead to further consequences." Italy and Yugoslavia have been rivals in the Adriatic almost constantly since the close of the war. At times, their relations have been strained to the breaking point. Yugoslavia has no intention of letting Italy walk into Austria now, thus gaining a stronger hold than she already has.

From the international point of view, the most important result of the whole Austrian affair is that it has tended further to isolate Germany from the rest of Europe. It has completely blown up, for the moment at any rate, German dream of *anschluss*, or union with Austria. Events of the last few days of July demonstrated indubitably that Mussolini is firmly in the anti-Hitler column and is lined up with the bloc of nations bent on maintaining the Versailles set-up. At best, all Germany can hope for at this time is the diplomatic support of some of the lesser European lights, and even that is not certain. She has taken courage at the Yugoslav protest against Italian intervention. She will probably turn to Belgrade and Warsaw for allies in her present dilemma. But her position among the nations of Europe is darker today than it has been at any time since Hitler became chancellor.

Under these circumstances, it is not likely that the shot fired in the Austrian chancellery July 25, like that fired at Sarajevo twenty years ago, will lead to a European conflagration. The cards are too heavily stacked against Hitler. Europe is divided in two hostile camps, it is true, but their military strength is so unequal that war would be suicidal to Germany.



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ENGELBERT DOLLFUSS



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ITALY LINES UP HER PLANES AT THE AUSTRIAN BORDER

Government Combats Effects of Drouth

(Concluded from page 1, column 4)

velocity winds which have blown so much of their topsoil away in past years. According to the Forest Service, there will be no attempt to move communities lying in the path of the belt. The strips of trees can be laid out so as to miss towns entirely. The land to be planted in trees will be acquired by the government either through purchase, lease, or cooperative agreement with landowners. It is expected to take ten years to place the trees in the soil and another decade before their effectiveness is fully realized. The estimated cost is \$75,000,000, which will be met from drouth relief funds.

The importance of this project as a means of protecting soil in the Midwest cannot be overestimated. Little has been heard of the seriousness of soil erosion in this country until the last few years. But no authority on the subject will deny that it is an extremely vital problem. The PWA Mississippi Valley Committee recently estimated that annual soil erosion losses in the Mississippi basin to be twenty to thirty times greater than the annual flood losses. In six basins within the Mississippi Valley, the annual flood losses are computed at \$8,879,000, and the erosion losses at from \$186,000,000 to \$255,000,000. The committee points out that while flood losses are replaceable, erosion losses often are not. Therefore,

unless this country takes immediate action to preserve its topsoil wealth, its land may be turned into desolate deserts of drifting sands, just as the once-fertile regions of the Gobi and Sahara have been. For these reasons, the proposed Midwest shelter belt will capture the imagination of all who



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REXFORD TUGWELL

think in terms of future generations. Its worthiness cannot be valued in terms of dollars, for it will aid in the conservation of our most important natural resource—land.

In addition to the drouth-relief measures already mentioned, the government is attempting to move farm families from regions of recurring drouths to other regions with more favorable climatic and soil conditions. It has already begun this experiment in North Dakota, and plans are fast getting under way to do so elsewhere, particularly in certain Rocky Mountain areas. This program is entirely of a voluntary nature. No attempt is made to compel farmers to evacuate their homes against their wishes. In most cases, families can be persuaded to take advantage of the opportunity of moving away from land which has brought them only misery and poverty. There are many farmers, though, who are so attached to the soil on which they have lived for many years that they will not move to more fertile land under any circumstances. Nevertheless, through a campaign of education, the government hopes to shift thousands of families from their present ugly environment to better surroundings.

Political Campaign

The wisdom of the administration's agricultural program, both from an emergency and long-time viewpoint, will be heatedly discussed pro and con in the next few months. In fact, the political campaign has been under way for some weeks in preparation for the fall elections. The battle lines have already been drawn.

Republican party leaders are attacking the administration's agricultural program from several sides. They contend that the drouth has proved the futility of attempting to control crop production. Since man cannot forecast acts of nature, they say, it is dangerous to restrict crops. Moreover,

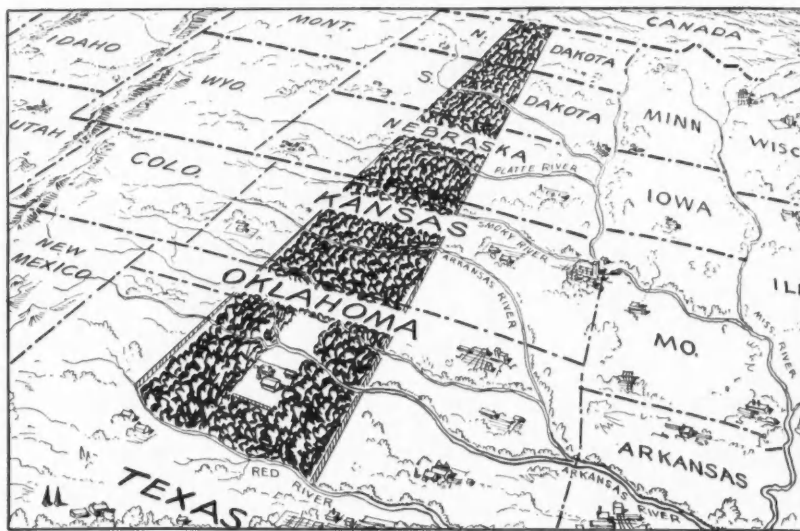


Diagram for THE AMERICAN OBSERVER

A BELT OF TREES FROM CANADA TO TEXAS

This map indicates the extent of the 100-mile belt of trees to be planted in a giant ten-year federal project.

they point out, it is lowering the standard of living.

Their alternative, as far as can now be ascertained, would be to have the farmer return to his pre-depression individualism. They oppose the present collectivization of farmers, believing that it will lead to socialization and thus sound the death knell for the farmer as an individual... as a pioneer. It is their contention that the American farmer has fared well in the past without government-supervised collectivism and if let alone he can do it again. They believe the current depression to be only a temporary phenomenon, like which there have been many others in the past. They see no more reason for extending government supervision over agriculture now than in past depressions. They favor the government's extending relief to drouth areas, but they are opposed to the plan of taxing food processors and consumers in order to pay farmers for cutting their acreage.

Administration Viewpoint

The administration of course disagrees with this line of reasoning. Nearly all the officials of the Department of Agriculture, along with President Roosevelt, believe that the day has passed when each farmer can act independently of all other farmers. These officials argue that only by organizing and cooperating on a nation-wide scale can farmers adjust the supply of food and raw materials they raise to meet the demand.

Industrialists have long been able to do this. Automobile plants, for example,

operate to capacity only part of the year. The rest of the time they lay off workers and curtail production. Then when new demand arises, workers are reemployed and plants pick up momentum until they are again producing at capacity. However, if these plants turned out as many cars a year as they were able to, the market would soon be glutted and prices would toboggan, just as farm prices did. The industrialist realizes the market limitations for his products and he gears his machinery accordingly.

Surpluses

But the farmer has been handicapped in doing likewise. There are so many farmers producing the same things it would not have paid any single farmer to reduce his acreage. He would have had no way of telling whether enough other farmers were following suit to bring about higher prices. Therefore, while industry, between February, 1929, and February, 1933, cut its output by 48.7 per cent, the farmer reduced his crops or had them reduced for him by nature, only 4.6 per cent. Thus huge carryovers came into existence, depressing farm prices abominably.

It was to wipe out these surpluses that the government offered to make cash payments to farmers who agreed to plant less wheat, cotton, corn and other basic commodities. Partly as a result of this action, but largely owing to the drouth, most of these surpluses will be normal or below normal by the end of this year. Secretary Wallace estimates that the wheat carryover will be slightly over 100,000,000

bushels, as compared with 350,000,000 bushels a year ago. The supply of other grains and cattle will be the lowest in several years. But Mr. Wallace assures the nation that there will not be a food shortage next winter.

Administration Defense

Furthermore, he takes issue with those who say that the drouth discredits the plan of having farmers work together, along with the government, in the effort to find a common solution to their difficult problems. On the contrary, he says, it is far easier to administer relief to the drouth-stricken areas than it would be without the present agricultural machinery, which comprises a nation-wide network of county production control associations. It is a relatively simple matter, through these county associations, to keep in close, personal touch with farmers of all the affected areas. Moreover, he continues, the drouth would have been of ruinous proportions quite regardless of any crop curtailment program. It makes little difference how many acres one has under cultivation, if it is all destroyed. In fact, those farmers who agreed to cut their acreage will be better off than otherwise, asserts Mr. Wallace, because regardless of how much damage is caused to their crops they will receive government checks. And farmers who can salvage part of their crops will receive a high price for them, because now that farm surpluses are vanishing and the supply of grains and cattle is diminishing, prices are soaring. For example, wheat is selling in Chicago for over a dollar a bushel, or more than twice as much as it was the early part of last year, when there was a huge surplus.



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HENRY A. WALLACE

What the AAA's future policy will be depends entirely upon how much longer the drouth lasts, according to Secretary Wallace. But its ultimate objective, he declares, will continue to be the same as before—that of creating a more equitable parity between farm and industrial prices, so that farmers will have as great purchasing power in relation to the purchasing power of people living in the city as they had during the years from 1909 to 1914. While the drouth will retard the realization of this goal, Mr. Wallace feels certain of success because farmers are showing a willingness to act collectively in dealing with their problems.

In conclusion, it may be said that the real issue between Democrats and Republicans relative to farm policy is collective action versus individual action. Both parties are anxious to maintain farming as a way of life, with each farmer having his own land, his own home and his own equipment. But they differ as to whether farmers can best solve their problems by individual or collective action.

There are many persons, however, who believe that farming as a way of life is passing. They argue that large scale farming, utilizing the most efficient methods and equipment, should eventually come into existence. Only a comparatively few farmers would then be needed, they say, to supply the nation with food. The rest could be absorbed in factories, helping to turn out more goods and raise the general standard of living. It is true that factory unemployment is great today, but these persons point out that there is an unlimited potential demand for factory products, whereas there is a limit to the amount of food people can consume. Every effort should be made, they say, to increase purchasing power so factories can increase production and absorb unemployed city and farm workers.



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GOVERNMENT BUYS CATTLE SUFFERING FROM DROUTH

Showing the effects of thirst and hunger, these cattle in the Kansas City stockyards will be slaughtered and the meat distributed by the FERA.



The National Capital Week by Week

A Record of the Government in Action



FURTHER indications that the administration's new Export-Import banks are not yet functioning properly appeared last week. The first of these government credit organizations was expected to finance trade between the United States and Soviet Russia. It has been unable to make any loans because of the checkmate imposed by the Soviet-American debt question, which is now being threshed out in conversations between Secretary Hull and Ambassador Troyanovsky.

Last week's announcement concerned the Second Export-Import Bank. So far this bank's activities have been limited to an interchange of trade with Cuba. Now, under an executive order issued by the president, it will extend its operations to include the world at large, with the exception of Russia. Both banks are headed by George Peek, former AAA administrator. They are intended to make loans to American exporters and importers whenever credits cannot be obtained through regular banking channels. Then the foreign nations involved in the loans are to pay the American firms for goods received or credit extended to them.

Mr. Peek is careful to emphasize that credit will be extended to other countries only on sound risks. All transactions are to be cleared through American importing and exporting firms, for the purpose of the banks is to reopen old avenues of trade and to find new ones as well. Three types of credits are to be extended: short-term loans, defined as credits extended less than six months; intermediate loans, six months to one year; and long-term credits, one to five years.

Up to this time, however, the banks have been unable to announce any credit transactions in foreign trade. They have accomplished a great deal in research and study of the trade situation, but study does not make the picture much brighter. With strenuous competition from a half dozen nations, some of them, such as Japan, producing goods far more cheaply than is possible for American companies, there is very little trading opportunity available. Also, other nations have established credit and trade agreements ahead of the United States and are continually on the alert for undeveloped markets. It is hoped that readjustments in our tariffs under the new tariff law will make our trade inducements more attractive. Hearings are being held with a view toward such tariff changes. Whether they will actually assist our foreign trade is not by any means certain, but in the meantime the Export-Import banks seem likely to accomplish very little.

Roosevelt Nears Home

As this is written, President Roosevelt is nearing Portland on the return journey from Hawaii. On his way back to Washington the president will inspect several great federal reclamation projects and will deliver a few speeches which he says will be entirely non-political in character. His

train will arrive at the capital on August 9, and he intends to begin work at his desk immediately. Mr. Roosevelt enjoyed his Hawaiian visit immensely. The presidential party made a complete tour of the islands, displaying particular interest in the Pearl Harbor naval base. If Japanese officials had expected the president to make a statement of policy regarding the Pacific during his visit, they were disap-

Meanwhile, the general staff of the United States Army has embarked on a program to build the army air corps along the lines suggested in the Baker committee report. Harry H. Woodring, acting secretary of war, and General Douglas MacArthur, chief of staff, are agreed upon a plan to ask Congress for new appropriations for more planes and more air corps officers. The Baker report provided just

detailed account of Fletcher and his statement, see page 2.) Wallace promptly issued a sharp denial that political purposes had anything to do with the crop control checks. Part of his reply follows:

"Charges that we are intentionally holding up the issuance of checks for benefit payment reflect ignorance of the real situation. Irrespective of the effect in any single election, it is natural for any governmental agency to try in every proper way to please the public. Any delay in the issuance of checks due to farmers makes for ill will, not good will.

"It has been our constant effort to get these checks out just as quickly as we possibly can. . . . On the other hand, we cannot pay out money unless we know the individual farm contract will result in the proportionate adjustment intended. Every contract must be considered with other contracts in the same county . . . and with regard to state figures. . . .

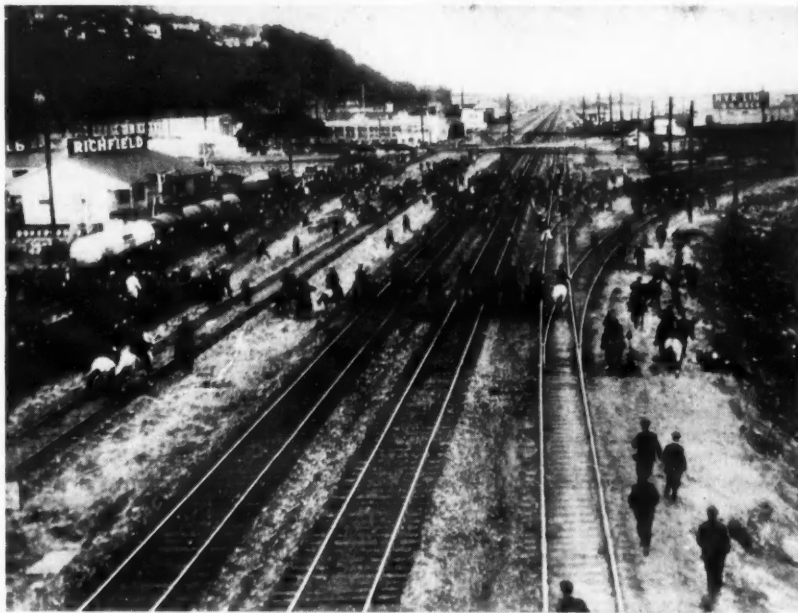
"It is a contemptible thing indeed for a man of Mr. Fletcher's intelligence and standing in the Republican party to make deliberately for partisan purposes a completely unfounded statement designed to stir up ill will."

NRA Troubles

The NRA is having its troubles with the Harriman, Tennessee, hosiery mills and the L. Greif clothing firm of Baltimore. The Harriman case is still unsettled after months of controversy. About two weeks ago the mills were given back their Blue Eagle under an arrangement approved by deputy administrators in General Johnson's absence. However, the agreement left several labor questions unanswered, and the employees of the company were entirely dissatisfied. Now General Johnson has wired orders to his subordinates to snatch the Harriman Blue Eagle again "unless they agree to take fifty strikers back immediately and agree to collective bargaining." So far no further action has been taken, as the NRA men now in charge are evidently bewildered by the complex issues involved.

As for the Baltimore clothing firm, it has shown open defiance to NRA rulings by securing an injunction in court restraining Maryland NRA compliance directors from removing its Blue Eagle. Collective bargaining with employees is also the cause of dispute here.

After the court order, NRA officials in Washington withdrew the Blue Eagle from the Greif company, and Johnson backed this action with an order to keep the bird "until they comply with our instructions." But the manufacturers are still sewing Blue Eagle labels in the clothing they make, and say they will continue to do so until their large supply of NRA labels is exhausted. The general will probably have harsh words to say about these cases when he returns to Washington. The Greif company will hold out to the last, however, for it may lose heavily if deprived of its Blue Eagle labels.



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AS INDUSTRIAL WARFARE SWEEPED THE PACIFIC COAST

Mounted police in Seattle advance in formation, led by Mayor Charles L. Smith, driving pickets from steamship piers.

pointed, for he did not commit himself in regard to naval policy or our relations with the Far East.

Naval Problems

On the other hand, the position of the United States in the recent naval discussions and in the forthcoming 1935 conference was made clear in Washington through informal announcements at the State Department. As soon as Norman Davis and other members of the naval armaments mission to London had returned, they conferred with Secretary Hull, Admiral Standley and others. It was revealed that this country will maintain its stand for a reduction of naval strengths, and failing that, at least a limitation to the present ratios. The report of Mr. Davis and his party was naturally rather gloomy, because of the lack of success of the London conversations and the unsettled aspect of European affairs. They are still hopeful, however, and point out that the masses of people in Europe are on the whole opposed to war.

what they wanted, not only in demands for a stronger air force, but in recommendations that the general staff should maintain complete control over army aviation.

Much of the authority of Major General Benjamin D. Foulois, chief of the air corps, will be taken over by the general staff. Already Mr. Woodring and his regular army subordinates have taken charge of the purchasing program, which was formerly under Foulois' direction. They will ask Congress for 2,320 planes as the minimum requirement for our flying force; this coincides with the provisions of the Baker report.

Fletcher, Wallace and the AAA

A heated interchange between Henry P. Fletcher, chairman of the Republican National Committee, and Secretary of Agriculture Wallace enlivened the Washington scene last week. Fletcher charged that AAA checks for crop reduction had been deliberately held back so that they would reach the farmers at the psychological moment shortly before the election. (For a

Something to Think About

1. Do you believe that, as a result of the Nazi uprising in Austria, war in Europe is more likely than before? Give your reasons in full.
2. What reasons are there for believing that Germany had a hand in the *putsch* which resulted in the assassination of Dollfuss?
3. Why is Yugoslavia opposed to Italian intervention in Austria? What is the basic clash of interests between Italy and Yugoslavia?
4. Why is it that Austria, a country of 7,000,000 inhabitants, plays such an important part in European politics?
5. What steps are being taken by the government to relieve farmers in drouth areas?
6. What significance is attached to the projected planting of a tree belt in the Middle West?
7. Do you believe that the drouth proves the futility of collective planning by farmers? Give your reasons.
8. State the opposing views of administration Democrats and Republicans on farm relief.
9. Do you think that Secretary Wallace's reply to Henry P. Fletcher's charges was adequate?

10. What is the cause of a certain coolness in the relations between Spain and Soviet Russia?
11. Why is Poland opposed to the proposed Eastern Locarno pact?
12. What indications are there that the present political difficulties in France are the result of a division along class lines?
13. Do you agree with the viewpoint expressed by William Allen White, noted publisher of the *Emporia Gazette*, that the chief task before us is to provide a minimum standard of living below which no American citizen should be allowed to fall?

REFERENCES: (a) Austria Resists Nazi Imperialism. *Current History*, August, 1933, pp. 541-546. (b) Austria and the Peace of Europe. *Current History*, April, 1934, pp. 20-24. (c) Italian Spider and Balkan Web. *New Republic*, September 6, 1933, pp. 89-90. (d) Before Agriculture Can Be Planned. *World Tomorrow*, February 15, 1934, pp. 79-80. (e) Plowing the Farmer Under. *Harper's*, June, 1934, pp. 60-74.

PRONUNCIATIONS: Engelbert Dollfuss (en'gel-bairt doll'foos—g as in go, o as in open), Ernst von Starhemberg (air'nt fon shtar'em-bairg), Emil Fey (ay'meel fay), Rintelen (reen'te-len), Theodor Habicht (tay-o-dor ha'beekt), putsch (pootch), Kurt Schuschnigg (koort shoosh'nig).